

**GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

IN RE: REQUEST FOR CERTIFICATION
LUMA ENERGY SERVCO, LLC.

CASE NO.: NEPR-CT-2020-0007

SUBJECT: Gross Revenue and Financial
Statements for the Natural Years 2021 and
2022.

ORDER TO SHOW CAUSE

I. Introduction and Procedural Background.

LUMA Energy ServCo, LLC ("SERVCO") and LUMA Energy, LLC ("Management") (collectively, "LUMA") LUMA was contracted to provide operation and maintenance services for the Puerto Rico Electric Power Authority ("PREPA") transmission and distribution system, pursuant to the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("OMA").¹

On December 21, 2022, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution ("December 21 Resolution") through which, among other things, ordered SERVCO to file an Amended Gross Revenue and Financial Statements Report that reflects its annual gross income generated during the Natural Year 2021.

On March 10, 2023, SERVCO filed before the Energy Bureau the following documents:

- (1) Gross Revenue and Financial Statement Amended Report Electric Power Companies (Form NEPR-B05) for Natural Year 2021
- (2) Complementary Sheet for the Natural Year 2021's Report (Form NEPR-Z01)
- (3) Monthly Invoices Service Fee from June 2021 to December 2021
- (4) Gross Revenue and Financial Statement Report Electric Power Companies (Form NEPR-B05) for Natural Year 2022
- (5) Complementary Sheet for the Natural Year 2022's Report (Form NEPR-Z01)

II. Applicable Law and Analysis.

Act 57-2014² requires all electric service companies³ to obtain a certification⁴ and to file certain information pursuant to the terms established by the Energy Bureau. Section 4.02 of Regulation 8701, as amended, establishes the requirement for an electric service company to inform the Energy Bureau their gross revenue. Specifically, Sections 4.02(A) and 4.02(B) of Regulation 8701 establish the following:

¹ Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement as of June 22, 2020, by and among PREPA, the Puerto Rico Public-Private Partnerships Authority, LUMA Energy, LLC and LUMA Energy ServCo, LLC.

² Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended.

³ Section 1.3(l) of Act 57-2014 defines the term "Electric Power Company" or "Electric Power Service Company" as follows: "Shall mean any natural or juridical person or entity, energy cooperative, engaged in the provision of generation services, transmission and distribution services, billing, wheeling, grid services, energy storage, resale of electric power as well as any other electric power service as defined by the Bureau. The Electric Power Authority or its successor as well as any Contractor under a Partnership or Sales Contract executed in relation to PREPA Transactions conducted by virtue of Act No. 120-2018 shall be deemed Electric Power Service Companies for purposes of this Act."

⁴ See Section 6.13 of Act 57-2014. See also Section 1.3(h) of Act 57-2014 which defines the term "Certified" as follows: "Shall mean every electric power service company that has been evaluated and authorized by the Energy [Bureau]."



[...]

F) When the Annual Gross Revenue of an Electric Power Company during a Calendar Year exceeds three million dollars (\$3,000,000.00), the gross revenue report must be signed by the Authorized Representative of the Electric Power Company. The signature of the authorized representative shall constitute a certificate under oath, under penalty of perjury, that such information is correct and complete. **Likewise, the company must submit to the Energy Bureau a copy of the financial statements corresponding to the Fiscal Year, audited by an Authorized Public Accountant (CPA) authorized to practice said profession in Puerto Rico, or in any jurisdiction of the United States of America. Such audited financial statements shall be submitted to the Energy Bureau within a term of one hundred and twenty (120) days, counted from the date on which the Electric Power Company's Fiscal Year ends. The provisions of this paragraph shall apply to any successor to the Puerto Rico Electric Power Authority.** (Emphasis supplied)

[...]

H) In the event of any discrepancy between the information provided in the Annual Gross Income report and the Annual Gross Income set forth in the compiled or audited financial statements, as the case may be, the Energy Bureau shall grant the Electric Service Company the opportunity to explain such discrepancy and may request such additional information as it deems necessary before:

- 1) Correct the amount that corresponds to pay the Electric Service Company for the regulatory charge.

SERVCO Fiscal Year begins on July 1 and ends on June 30.⁵ As per requirements of Section 4.02 of Regulation 8701, as amended, SERVCO had to file a copy of the financial statements corresponding to its Fiscal Year 2021-2022 on or before October 28, 2022. As per requirements of Section 4.02 of Regulation 8701, the financial statements shall be audited by an Authorized Public Accountant (CPA) authorized to practice said profession in Puerto Rico, or in any jurisdiction of the United States of America.

SERVCO **has not filed** a copy of the financial statements corresponding to its Fiscal Year 2020-2021⁶, neither Fiscal Year 2021-2022, audited by an Authorized Public Accountant (CPA). LUMA **did not comply** with the requirements of Section 4.02 of Regulation 8701.

LUMA SERVCO **shall file** the financial statements corresponding to its Fiscal Year 2022-2023 on or before October 28, 2023.

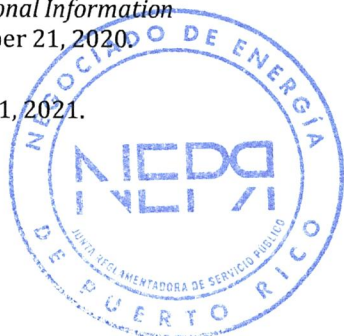
Section 3.05 of Regulation 8701 empowers the Energy Bureau to issue a cease-and-desist order, revoke, and annul any decision, ruling or order issued in relation to the process of any Request for Certification, when an electric service company "... has failed to comply with its duty to provide or update the information required under Law 57-2014, as amended, or this Regulation."

III. Conclusion.

The Energy Bureau **ORDERS** SERVCO to, **within fifteen (15) days**, from the notification date of this Resolution and Order, (i) file a copy of the financial statements corresponding to its

⁵ In re: Request for Certification LUMA Energy ServCo, LLC, Case No.: NEPR-CT-2020-0007, Personal Information Electric Power Companies (Form NEPR-B01), Part A, filed by LUMA Energy ServCo on September 21, 2020.

⁶ At least for the month of June 2021. LUMA began to provide services in Puerto Rico on June 1, 2021.



Fiscal Year 2020-2021⁷ and Fiscal Year 2021-2022, audited by an Authorized Public Accountant (CPA), authorized to practice said profession in Puerto Rico, or in any jurisdiction of the United States of America; (ii) show cause why the Energy Bureau should not impose an administrative fine of five thousand dollars (\$500) for its failure to comply with Act 57-2014 and Regulation 8701. The Energy Bureau **WARNS** SERVCO that non-compliance with Energy Bureau’s orders and regulations may carry the imposition additional administrative fines.

Be it notified and published.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on April 21 2023. Also certify that on April 21 2023 I have proceeded with the filing of this Resolution and was notified by email to: legal@lumapr.com, wayne.stensby@lumapr.com, mario.hurtado@lumapr.com, Ashley.engbloom@lumapr.com.

I sign this in San Juan, Puerto Rico, today, April 21, 2023.



Sonia Seda Gaztambide
Clerk



⁷ At least for the month of June 2021.